EU-Uzbekistan relations

Relations between the European Union and the Republic of Uzbekistan have been developing steadily since its independence in 1991. EU relations with Uzbekistan are embedded in the regularly reviewed EU and Central Asia Strategy for a New Partnership, which outlines the overall cooperation objectives, policy responses and priority fields for the EU’s engagement in Central Asia. A Partnership and Cooperation Agreement (PCA) between the EU and the Republic of Uzbekistan which has been in force since 1999 paved the way for a broader bilateral relationship. Political dialogue; trade in goods; business and investment; intellectual, industrial and commercial property protection; legislative cooperation; economic cooperation; cooperation on matters related to democracy and human rights; cooperation on prevention of illegal activities; cultural cooperation and financial cooperation in the field of technical assistance are all covered in the PCA.

Since 2017, the new leadership of Uzbekistan has been requesting a formal upgrade of the Partnership and Cooperation Agreement (PCA).

On 16 July 2018 the Council adopted the negotiation mandate for the opening of negotiations between the EU and Uzbekistan for an upgraded, Enhanced Partnership and Cooperation Agreement (EPCA). This is a strong signal by the EU and by Uzbekistan of their common interest in strengthening their relations. A key policy objective of the decision of the Council to open negotiations and negotiate a comprehensive Agreement with the Republic of Uzbekistan is, by responding positively to this request, to recognise significant Uzbek efforts to reform the country, to respect human rights, to improve cooperation with neighbours and international partners, and to promote stability and security in the region. The EPCA should reinforce the status of the EU as an important partner of Uzbekistan. Negotiations are to be formally launched on 23 November 2018 in Brussels.

Pdt Mirziyoyev came to power in September 2016 and triggered numerous ambitious reforms, in particular to improve the business climate, the judicial system and security services, labour conditions, and administrative accountability and efficiency. The new leadership has also actively engaged with neighbouring countries to defuse tensions, in particular with Tajikistan and Kyrgyzstan on border and water management issues (Rogun and Farkhad Dams in Tajikistan, Kambarata Dam in Kyrgyzstan), and border demarcation. Uzbekistan has also assumed an active role in the peace process in Afghanistan.

On 10 November 2017, Uzbekistan hosted in Samarkand the EU - Central Asia meeting of Foreign Ministers, where the European Union was represented by the High Representative for Foreign Affairs
and Security Policy & Vice-President of the European Commission, Federica Mogherini. The visit gave the parties another opportunity to discuss all subjects on the bilateral agenda (economy, connectivity, security, rule of law) as well as regional issues, to be further discussed at the 23 November 2018 EU - Central Asia ministerial meeting in Brussels.

On 26-27 March 2018, Tashkent hosted the Conference on Afghanistan: "Peace process, security cooperation and regional connectivity" where the EU High Representative Mogherini gave opening remarks. The event brought together Afghanistan, the five Central Asian countries, the United Nations and other stakeholders to support peace-making efforts in Afghanistan, as well as local and regional development.

**Main instruments of political dialogue**

The EU-Uzbekistan Partnership and Cooperation Agreement is implemented and monitored by several fora for dialogue and decision-making:

- The Cooperation Council of ministerial level meets once a year in Brussels and supervises implementation.
- The Cooperation Committee of senior officials meets once a year either in Brussels or Tashkent and assists the Council.
- Three Cooperation Subcommittees of experts provide technical assistance, meeting once a year in Brussels or Tashkent. These are the subcommittees for Justice and Home Affairs, Human Rights and related issues (JHA Subcommittee); Subcommittee for Trade, Investment, Energy and Transport (TIET Subcommittee) and Subcommittee on Development Cooperation launched in spring 2018.
- The Parliamentary Cooperation Committee of members of the Uzbek Parliament and the European Parliament maintain political relations by meeting once a year in Brussels.

EU-Uzbek relations exist in the wider context of the European partnership with Central Asian countries. This includes regular political and human rights dialogues, as well as cooperation on numerous issues such as education, the rule of law and sustainable development.

Since 2007, the EU and Uzbekistan have held annual Dialogues on Human Rights as well as Justice & Home Affairs in Brussels and Tashkent. EU relations with Uzbekistan are embedded in the regularly reviewed EU and Central Asia Strategy for a New Partnership, which outlines the overall cooperation objectives, policy responses and priority fields for the EU's engagement in Central Asia.

The new leadership of Uzbekistan under President Mirziyoyev has launched significant reforms of the judiciary, administration and security services and is making strides to improve the business climate. The EU encourages these and other reforms and in particular their effective implementation. Several human rights defenders have recently been released from prison and the UN High Commissioner for Human Rights visited the country for the first time in May 2017.

The UN Special Rapporteur on Freedom of Religion or Belief and the OSCE Representative on Freedom of the Media also paid visits to the country in October 2017. The EU has engaged with the new leadership through repeated visits of the European Parliament, the EU Special Representative for Central Asia, European Financial Institutions and EEAS/Commission officials. This process is complemented by concrete measures to support the Uzbek reforms, e.g. cooperation to implement the EU-Uzbekistan Memorandum of Understanding on cooperation in the field of energy has been
renewed in February 2017.

**Trade and economic relations**

Under the Partnership and Cooperation Agreement (PCA) Uzbekistan and the EU grant each other most-favored-nation treatment with respect to:

- Custom duties and charges applied to imports and exports;
- Direct and indirect taxes applied to imported goods; and
- Rules relating to the sale, purchase, transport, distribution and use of goods on the domestic market.

The PCA also provides for the removal of all quantitative restrictions on trade between the EU and Uzbekistan, with provisions to protect domestic producers in cases where they may be harmed by imports. In addition, the PCA provides for economic cooperation with a view to ensuring that Uzbekistan’s international trade is conducted in conformity with the rules of the WTO. Following the consent of the European Parliament to the ‘Textile Protocol’ amending the PCA, the relevant provisions of the PCA will now also apply to the bilateral trade in textile products.

Uzbekistan benefits from the [EU Generalised System of Preferences (GSP)](https://ec.europa.eu/trade/policy/ata/gsp/) – an autonomous trade arrangement whereby the EU provides non-reciprocal preferential access to the EU market to developing countries. The GSP, designed to contribute to the growth of economies in developing countries, ensures that exporters from these countries pay lower or no duties on some or all of the products that they sell to the EU.

In 2017, trade between the EU and Uzbekistan was worth around €1.9 billion.
Development cooperation

The EU's development cooperation with Uzbekistan and other countries in Central Asia is based on a multi-annual regional cooperation strategy adapted to the situation and needs of each country.

The Government of Uzbekistan embarked upon a structural reform aiming at transforming a Soviet-style economy based on cotton and its primary processing to an industrial and agro-industrial economy. The EU Multiannual Indicative Programme 2014-2020 supports this development policy shift - it earmarks €168 million for support to Rural Development in four subsectors: [i] diversification/productivity; [ii] sustainable management of natural resources and ecosystems; [iii] employment and income generation; [iv] enhancement of socio-economic living standards of the most vulnerable groups in rural areas.

This allocation under the EU Development Cooperation Instrument (DCI) is complemented by several thematic programmes, including the Instrument for Stability, the European Instrument for Democracy and Human Rights, the Non-State Actor programme, as well as assistance provided by a number of EU Member States. Thematic cooperation also covers human and social development, sustainable management of natural resources, nuclear safety, and migration and asylum. Uzbekistan is also eligible for the Investment Facility for Central Asia (IFCA), which was launched in 2010 to blend EU development assistance with loans from European financial institutions for the 5 countries in Central Asia.

The European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) are currently (re-) engaging with Uzbekistan – a new EIB-Uzbekistan framework agreement was signed mid-October 2017, while the EBRD reopened its office in Tashkent in November 2017 and issued new strategy on Uzbekistan in September 2018.

The Central Asia region is particularly prone to natural hazards, including earthquakes, floods and landslides. Improving the capacity of national institutions and local communities to prepare for and respond to disaster is a priority for EU humanitarian action in the region. Under its current Disaster Preparedness Programme, the Commission is funding community-based initiatives to increase the resilience of the population to recurrent disaster. Between 1994-2015 EU humanitarian funding to Central Asia has been in excess of €222 million.

Case Study: €3.4 million support to management training

Private sector development and the industrialisation of small- and medium-sized enterprises (SMEs) are key priorities of the government of Uzbekistan. Upon request, the European Union has therefore extended its Management Training Programme until September 2018. So far 126 senior managers from leading Uzbek SMEs have been trained in modern management techniques, including practical training and involvement in day-to-day management in 20 EU Member States. 29 professional trainers have further enhanced their expertise to better perform their daily work in chambers of commerce and industry or other organisations that provide support to businesses.
See also

Factsheet on EU-Uzbekistan relations
www.eeas.europa.eu

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